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FISCAL IMPACT REPORT

SPONSOR Beffort DATE TYPED 02/10/05 HB _____

SHORT TITLE Statewide Nursing Program Expansion SB 394

ANALYST Woods

APPROPRIATION

Appropriation Contained		Estimated Additional Impact		Recurring or Non-Rec	Fund Affected
FY05	FY06	FY05	FY06		
	\$2,000.0			Recurring	General Fund

(Parenthesis () Indicate Expenditure Decreases)

Relates to the FY06 appropriation for the Commission of Higher Education in the General Appropriations Act. [Pass through FY06 fiscal impact with respect to the allocation for the University of New Mexico and – at the discretion of the Commission on Higher Education – the appropriations for an indeterminate number of additional institutions of higher learning.]

Relates to HB7, nursing expansion items; SB84, Increase Nursing Education Options; HB177, Increase Nursing Education Options; HB301, WNMU Nursing Program; SB343, WNMU Recurring Nursing Program Needs; HB509, Create a Nurse Educators Fund; and HB519, NMSU Alamo-gordo Nursing Program.

SOURCES OF INFORMATION

LFC Files

Responses Received From

New Mexico Department of Health (DOH)
 New Mexico Health Policy Commission (NMHPC)
 Commission on Higher Education (CHE)

SUMMARY

Synopsis of Bill

Senate Bill 394 – For the Legislative Health and Human Services Committee: Making an Appropriation to Expand Nursing Programs Statewide – appropriates \$2,000,000 from the general fund to the Commission on Higher Education for expenditure in FY06 to be allocated for the following purposes:

- \$1,485,600 to expand funding for faculty salaries, faculty positions and classroom capacity and to develop programs to increase student retention in nursing programs at institutions of higher learning statewide with special emphasis on support for community, branch and junior colleges serving rural areas of New Mexico; and
- \$514,400 to the Board of Regents of the University of New Mexico to allow for increased enrollment in the nursing program.

Any unexpended or unencumbered balance remaining at the end of FY06 shall revert to the general fund.

Significant Issues:

DOH notes that New Mexico has a severe nursing shortage which has a direct, detrimental effect on the health of patients, in addition to the wellbeing of the health care sector of the state's economy. The U.S. Department of Health and Human Services (DHHS) estimates that vacant nursing positions in New Mexico will escalate to 25 percent in 2005, 36 percent in 2010, and 57 percent in 2020. Further, according to the New Mexico Consortium for Workforce Development, one third of New Mexico's nurses are over 50 years of age. While New Mexico currently produces some 500 new registered nurses (RNs) annually, the state continues to experience rising vacancies in health care facilities at a rate double the national average.

HPC indicates that this bill is one of many strategies that may be needed to address the current and future nursing shortage in New Mexico. However, HPC points out that this bill is different from other nursing expansion bills in that it specifies use of the expansion monies for faculty salaries, faculty positions, classroom capacity, and program development.

The matter of faculty salaries appears to be a central, lingering issue with respect to the state's chronic shortage of nurses. As DOH indicates, while almost every nursing education program in New Mexico has a waiting list of 6 to 75 qualified applicants, nursing faculty positions – those individuals who are qualified to actually instruct the programs – remain vacant because (1) average faculty salaries are significantly less than that of comparably prepared clinical nurses; and (2) because fewer nurses are choosing a nursing education specialty in graduate school.

DOH further notes that data provided by the New Mexico Center for Nursing Excellence states there were 46.5 vacant nursing faculty positions in July 2004, one month before the start of the fall semester. Base pay for master's and doctorate level faculty in 2003 was between \$31,000 and \$46,000, with an average base pay of \$44,500. More to the point, DOH observes, the average pay for nursing faculty is actually less than the average salary for graduate nurses just entering the profession, a fact that only exacerbates the state's nursing shortage dilemma.

PERFORMANCE IMPLICATIONS

DOH indicates that the bill is consistent with the department's Strategic Plan in Program Area 9: Administration; Strategic Direction: Achieve excellence and accountability in administration and service, Objective 3: Increase the health workforce supply, in collaboration with other entities in New Mexico. Suggested performance measures would be related to the number of nurse graduates who work in the healthcare system in New Mexico.

CHE anticipates that it would require .10 FTE to prepare accountability measures and follow-up as to whether or not there was an increase in student retention in statewide nursing programs.

FISCAL IMPLICATIONS

The appropriation of \$2,000,000 contained in this bill is a recurring expense to the general fund. Any unexpended or unencumbered balance remaining at the end of FY06 shall revert to the general fund.

ADMINISTRATIVE IMPLICATIONS

The New Mexico Commission on Higher Education would retain oversight of this program.

CONFLICT, DUPLICATION, COMPANIONSHIP OR RELATIONSHIP

Relates to the FY06 appropriation for the Commission of Higher Education in the General Appropriations Act. [Pass through FY06 fiscal impact with respect to the allocation for the University of New Mexico and – at the discretion of the Commission on Higher Education – the appropriations for an indeterminate number of additional institutions of higher learning.]

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OTHER SUBSTANTIVE ISSUES

As background, HPC provides a general overview of the nursing shortage issue:

- New Mexico is below the national average for active registered nurses per 100,000 population (Quick Facts 2004, HPC)
- Nationally, there was a 26 percent decrease of registered nurse graduates between 1995 and 2000 (Health Resources & Services Administration, *Projected Supply, Demand, and Shortages of Registered Nurses: 2000-2020*).
- Recent forecasts speculate a national shortage of 800,000 nurses by 2020 (Bureau of Health Professions, National Center for Health Workforce Analysis, *Projected Supply, Demand, and Shortages of Registered Nurses: 2000-2020*).
- In 2001, national hospitals reported vacancy rates of 13.0 percent for registered nurses and 12.9 percent for licensed practical nurses (*Healthcare Workforce Shortage and Its Implications for America's Hospitals*, First Consulting Group, Fall 2001).
- New Mexico has 14,300 registered nurses (RNs) and 3,000 licensed practical nurses (LPNs) with New Mexico addresses. The state is significantly impacted by the nursing shortage with health care institutions having 494 RN and LPN positions they cannot fill (New Mexico Center for Nursing Excellence). The Health Resources and Services Administration (HRSA) predicts that New Mexico will not be able to fill 57 percent of its nursing requirements by 2020.